

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 262-01
BILL NO.: HB 140
SUBJECT: Fire Protection Districts: Sales Tax
TYPE: Original
DATE: January 23, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue	unknown to (\$49,112)	unknown	unknown
Total Estimated Net Effect on <u>All</u> State Funds	Unknown to (\$49,112)	Unknown	Unknown

* This proposal is permissive..

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government*	\$0	\$0	\$0

*This proposal is permissive

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Department of Revenue officials stated that the proposed legislation does not require the fire protection to be in a present system defined boundary (city or county) so new systems development will be necessary.

DOR officials assume that a new system to collect a sales tax in a fire protection district would be necessary should this legislation be enacted. The legislation does not require the district to be in a presently defined boundary (city or county) so a new coding system would need to be established and applied to all businesses collecting this new sales tax. It is forecast to require 1,211 programming hours at a cost of \$41,120. Officials stated the department would need a Tax Processing Technician I to handle registration issues with the various businesses located within the districts. Officials estimated personnel costs, including fringe benefits, at \$22,973 in FY 2002; in FY 2003 \$28,257; and \$28,963 in FY 2004. Officials stated there would be one-time data processing costs of \$7,992 in FY 2002.

DOR officials stated that a 1% collection fee would be retained by their department and deposited in the States General Revenue Fund. Officials stated that without knowing how many Fire Protection Districts would receive voter approval to impose a sales tax, and at what rate, they cannot estimate the amount of revenue that would be generated by the 1% collection fee.

Oversight assumes that once the system is programmed current personnel would be able to handle the additional workload. Therefore, Oversight will show costs of \$41,120 for programming and \$7,992 for data processing, which totals \$49,112

City of Cape Girardeau officials stated that a sales tax of .25 cents would generate about \$1.75 million annually. Officials stated the only cost would be for an election and estimated that cost at \$10,000. Officials assume voter approval would be required before there would be any fiscal impact.

City of Kirksville, of West Plains, Mexico, and Springfield, officials assume no fiscal impact.

Eureka Fire Protection District officials assume no fiscal impact.

City of Hannibal officials assume if voters would approve a .25 sales tax it would generate approximately \$465,000 in fiscal year 2002.

City of Sedalia estimate that a .25 cent sales tax would generate \$800,000 annually. Officials assume voter approval would be required before there would be any fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
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GENERAL REVENUE FUND

<u>Income to General Revenue Fund</u> from DOR - 1% Collection Fee	unknown	unknown	unknown
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Costs to General Revenue Fund

Programming	(\$41,120)	\$0	\$0
State Data Center	<u>(\$7,992)</u>	<u>\$0</u>	<u>\$0</u>

ESTIMATED NET EFFECT TO GENERAL REVENUE FUND	<u>Unknown to (\$49,112)</u>	<u>Unknown</u>	<u>Unknown</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
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FIRE PROTECTION DISTRICTS

<u>Income to Fire Protection Districts</u> from sales tax of up to 1%	unknown	unknown	unknown
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<u>Cost to Fire Protection Districts for election, Fire Protection Services</u>	<u>(unknown)</u>	<u>(unknown)</u>	<u>(unknown)</u>
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ESTIMATED NET EFFECT TO FIRE PROTECTION DISTRICTS *	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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***Oversight assumes this proposal is permissive and would have no fiscal impact unless voters would approve the imposition of a sales tax.**

FISCAL IMPACT Small Business

Small business located within a Fire Protection District whose voters approved the imposition of a sales tax would be fiscally impacted to the extent of collection and administration of the sales tax.

DESCRIPTION

L.R. NO. 262-01
BILL NO. HB 140
PAGE 4 OF 4
January 23, 2001

Under current law, Raytown and municipalities having a municipal fire department are allowed to impose a sales tax of up to 0.25% on all retail sales made within the municipality. The tax is to be used exclusively for the operation of the fire department. This bill allows any fire protection district to impose this tax upon voter approval.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
City of Springfield
City of Cape Girardeau
City of Kirksville
City of West Plains
City of Mexico
City of Hannibal
City of Sedalia
Eureka Fire Protection District

NOT RESPONDING:

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Cities of : Columbia, Liberty, Florissant, Poplar Bluff, Sikeston, and Maryville



Jeanne Jarrett, CPA
Director
January 23, 2001